

ASSEMBLY BILL NO. 10

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 10 without my approval. This bill would increase the tax rate imposed upon taxable incomes exceeding \$1,000,000 from the current rate of 8.97% to a new rate of 10.75%. The sponsors of this bill, and those in the State Senate and General Assembly who voted for it, offer this tax increase as a partial solution to the fiscal emergency that presently confronts the State of New Jersey. While I have little doubt that the sponsors and supporters of this bill sincerely believe that the State can tax its way out of this financial crisis, I believe that this bill does nothing more than repeat the failed, irresponsible and unsustainable fiscal policies of the past.

The citizens of New Jersey have seen their taxes go up one hundred and fifteen (115) times over the last 8 years. Today, I act so that it will not occur for the one hundred and sixteenth (116<sup>th</sup>) time. After the dual failures of out-of-control State spending and the inability to curb a 70% rise in property taxes over the last 10 years, the supporters of this bill want to continue down the path of ever higher taxes, which has crippled our state's economy and led to even more job losses.

Now is not the time for more of the same. Ultimately, another tax increase will punish the State's struggling small businesses and set our economy further back from recovery.

One year ago, the State of New Jersey imposed an income tax increase as a "temporary" solution to declining State revenues. Now they have come back again with another tax increase they claim to be "temporary." It is time to say no. Last year's tax increase served only to postpone the State's fiscal troubles

into the current budget year and drive even more high-income individuals and businesses out of New Jersey. As I have publicly stated on numerous occasions, New Jersey does not have a revenue problem; it has a spending problem. Increasing taxes on businesses and highly productive taxpayers who we need here in New Jersey to create jobs and grow our economy will serve only to drive those individuals out of New Jersey in search of states with lower tax burdens.

These challenging economic times call for fundamental structural reform such as the enactment of a 2.5% cap on spending by the State, as well as a 2.5% cap on spending by county and local governments. Instead of this type of sustainable reform, the Legislature has presented me with a job-killing tax increase. I will remain true to my word - I will not allow the State budget to be balanced by increasing income taxes.

Accordingly, I herewith return Assembly Bill No. 10 without my approval.

Respectfully,

Chris Christie  
Governor

Attest:

Jeffrey S. Chiesa  
Chief Counsel to the Governor